
ROBERT McCLEMENTS

Date and place of birth (if available):

Date and place of interview:

Name of interviewer: Peter McKenzie-Brown

Name of videographer: Peter Tombrowski

Full names (spelled out) of all others present: Barbara McClements

Consent form signed: Yes

Initials of Interviewer: PMB

Last name of subject: MCCLEMENTS

PMB: You went to university where?

MCCLEMENTS: I went to school, grammar school and high school in Philadelphia and I was a president at both those place. Then I went to Drexel University, in the city of the Philadelphia and that's where I met Barbara.

PMB: How old were you?

MCCLEMENTS: Oh 21, something like that.

PMB: Okay, and then?

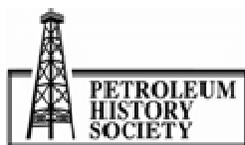
MCCLEMENTS: Again, I don't know how much you wanted, we had to get married.

PMB: I am shocked. You don't need to be that risqué. You can have fun later.

LADY: Cut that out.

MCCLEMENTS: No, really it wasn't that way at all. I went to aboard for my first engineering job, full time engineering job with Western Wheeler Corporation in New York City.

PMB: Is that Foster Wheeler?



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MCCLEMENTS: Foster Wheeler. They were later the manufacturers of the steam boilers at the tar sands plant that we had so many problems with. Anyway, I lived up there with a couple of other young engineers and every Friday night I would come back to the city of Philadelphia, visit with Barbara. Catch the last train out of Philadelphia, back up to New York. When we got there, it was too late to go to the house where the five of us lived, so I would stay in the Seamen's Refuge right across from Penn Station. I would get to work that morning, Monday morning, blurry eyed. Finally my boss came in, shook his finger at me and I had to make a big decision. Either you get married or I'm going to fire you.

PMB: So that was the beginning of your career. Foster Wheeler, what kind of firm is that?

MCCLEMENTS: It was an engineering construction firm involved with the design primarily of refineries. And that's where I first cut my teeth and then international travel. I worked in refineries. First one was in Venezuela, then Columbia then in Staffa Island, then in Fawley, England.

PMB: Where was the last place?

MCCLEMENTS: Fawley, England. F-A-W-L-E-Y. And that was my introduction to the refinery technology.

PMB: What was your degree from Drexel University?

MCCLEMENTS: I had a BSc in civil engineering and that was because somebody early in my life told me civil engineers were the only ones with any common sense. And then I did, I did take my graduate work at New York City, at Columbia University, then at MacKay.

PMB: And so then you became a registered professional...

MCCLEMENTS: No, I never did because we were never in any spot for over two years. The longest we were out at any spot was Fort McMurray.

PMB: Really? So you never had a professional engineering accreditation?

MCCLEMENTS: Other than in our area.

PMB: That is funny.

MCCLEMENTS: We moved 22-23 times.

PMB: Wow, okay. So now you were working for Foster Wheeler?

MCCLEMENTS: Yes.

PMB: From what year did you begin?



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MCCLEMENTS: 1952 to '56, then we spent two years in the service. I was an instructor of the guided missiles for the Nike site at the time, in Fort Bliss, Texas.

PMB: Now, in one of the materials that I read about you it said that you were involved with the atomic energy agent in one of the experiments in Nevada?

MCCLEMENTS: That was the job that I had prior to joining GCOS. Well yeah, that's right, joining GCOS; prior to joining GCOS. That was a semi-hush-hush project 90 miles north of Las Vegas. It was at the Nevada test site where all the underground tests had taken place. And the project was to engulf a large vehicle for peak safe probes. The essence of it was using a nuclear reactor designed by Lasl, that is with Los Alamo Scientific Labs which really did all of the atomic work for the U.S. Government. And it was Aerojet General that was building the vehicle. But then I worked for the contractor, at that time Catalytic Construction Company who was doing the actual construction work. And it was a neat job because everything was so different to here. With the radiation tactic walls were all five feet thick, all made out of barite instead of stone. Windows five feet, filled with oil and all amid the robotic type tools and whatnot to assemble and disassemble. And then the handling facilities for the, like with my unit and it was a used vehicle, it was a sanitized vehicle.

Well everything was going well until perhaps two years after we had first gone there. A lift off of the vehicle in Cape Canaveral at that time exploded after lift-off. And all of the sudden they questioned about, what would happen if our vehicle or the reactor exploded on take-off. It didn't take long to answer that question. We immediately started at not blowing the operation, after spending hundreds of millions of dollars. Anyway then that was the situation that I had a number of options, I could have always gone back to Foster Wheeler, back to catalytic. Or, go to San Francisco on this new job where Sun was building engineering... there to work at Bechtel, design of this strange material that I never heard of, tar sands. So it came down to did I want to go to Philadelphia or did I want to go to San Francisco. It had nothing to do with the tar sands or GCOS, but it was an easy decision. We opted to go to San Francisco. And that was my introduction to GCOS.

PMB: So how long did you spend, you worked on the engineering for how long at San Francisco?

MCCLEMENTS: About two months.

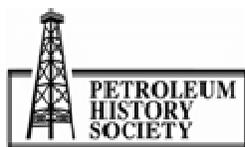
PMB: Two months. And then did...

MCCLEMENTS: And then one day I got a phone call from the elective vice president of the Sun Company and remember I didn't work for the Sun Company at first. He called...

PMB: What was his name, do you remember?

MCCLEMENTS: Clarence Thayer.

PMB: I'm sorry?



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MCCLEMENTS: Clarence Thayer. Yes, he was the one that led all the new developments, all the catalytic processes that had to be developed and then spun off into this new company, Catalytic Construction Company. So he was very familiar with the extent I guess of catalytics. He had already greased the skid. Anyway, that was fine. But when you're out there all of sudden the boss calls you, he wants to have lunch with you and none of the other fellows that you're working with had been contacted. I was going to have another explosion in the sky, I will shoot her. In fact, I found myself in McMurray about two or three weeks later.

PMB: Well what was your meeting with Clarence Thayer? He's very well known in the history of the oil sands industry.

MCCLEMENTS: Oh, absolutely. At that point, that book had story construction and Sun did not have anybody in the field at all representing the owner. So my job was to go up there soon, which was a really first opportunity and build an organization to represent Sun's interest. So I'd been in the field a number of times though, nothing we really need for a proper oversight audit. In many words, probably wells think like that, just purely represent the owner. And that was my mission.

PMB: Now this would've been about 1964...

MCCLEMENTS: '64.

PMB: ...'65 wouldn't it?

MCCLEMENTS: '64, yeah.

PMB: So you're still a young man at that time?

MCCLEMENTS: Oh, I didn't think so. I was 36 then.

PMB: Okay, well that's pretty young to be the representative of a big company like that, isn't it?

MCCLEMENTS: Oh, well, J. Howard Pew he started Sun Company when he was 36.

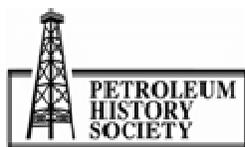
PMB: When he was 30, when he was 30 he became the president.

MCCLEMENTS: Was it 30?

PMB: Yeah, J. Howard Pew, I just... yeah.

MCCLEMENTS: He was quite young.

PMB: He was 30 years old. Okay, but actually it's a good point of reference. And maybe we could go back at this point and talk about J. Howard Pew because he is such a legend in the oil sands history.



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MCCLEMENTS: Well, he was so involved in the planning and I'm sure you know the story about the board decision to go ahead with the plant. There are a number of evaluations on the project made by our economics; bought out by some oil companies taken overseas for work. And the first one was terrible. The second one was revised, again with a discounted rate of return a little higher than the first iteration. I believe I still have a copy with that, that's if you're interested.

PMB: You have a copy of that economics report for Suncor?

MCCLEMENTS: I think I do... yeah, yeah.

PMB: When you get back to Pennsylvania, if you could send me a copy of that that would be wonderful.

MCCLEMENTS: Yeah, like it was all the economics as we saw it at the time.

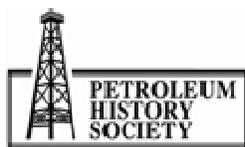
PMB: That would be an excellent document to have at the Glenbow, if you think of it.

MCCLEMENTS: Oh that's fine, oh sure.

PMB: I'm sorry, continue the story.

MCCLEMENTS: Anyway, going back, if we can maybe talk about the economics a little bit, but back to the J. Howard Pew. While anyway, because of his interest he and I had a very good relationship. We got along very well. And he would visit the plant and we would have engineering discussions and all types of... how much does it cost to feed a man average twelve hours on a shift. He was very, very detailed. I still remember, it was six to eight pounds of food per person per day and a little less than \$2.00 per person to feed a construction worker if he came by. That's how detailed he was. Anyway, there was a side of J. Howard that I don't think has really been widely recognized. I think many people would describe him first perhaps as industrial. He was certainly known as the leader of a large corporation. I think that all the times that I was at Sunoil I became a Sunoil employee.

Sun was always in the top 20 of the Forbes list of companies. It's a huge company. But there was a side to him, a spiritual side to him. He was a very, very religious individual. His conversations often included two words: faith and freedom, and they were welded together. He believed that he Lord worked through individuals. He believed that, what he called the experiment in the United States of freedom, for the individual compared to the tradition where civilizations were either controlled by kings, popes or tyrants. But after the Declaration of Independence it was a whole new era for the Lord to work his way through individuals. And the freedom to do that, the new government system allowed him to do it. And if I heard him say it once, I heard him say a thousand times, "If the government goes up, freedom goes down." And by the way, that's not too different of what I heard on one of your radio programs here the other day, you talking about reducing the size of government. But certainly the US today with the seven or eight candidates, they're all in that same scene. The size of government has got to be reduced so that the freedom, the ingenuity of the



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individual can proceed. And the Sun Company when I first went to work for them, there was no retirement plan, there was no healthcare plan, there was no sick plan. When you were sick, you took your time off. You took your time off, you got sick and you got back and you would pay for that time. The retirement plan, when you retire and nobody quit and nobody was ever fired at Sun Company. At 65 I guess it was at that point you retired at 50% of your pay and never a document until the government came in with sets of rules and minority hiring and minimum wage and things like that. That changed the whole concept. He was very involved with the university he went to, Grove City College. Grove City is one of two colleges in the United States that takes absolutely zero sponsorship from the government, none. The government at one time insisted that they take the funds or else they would book, they made several overtures requiring the school to take the funds in response to throwing out surveys particularly on environmental issues, equality issues and they absolutely refused. So then the government said if you do that we're going to cancel the whole year, Pell Grant, I think it was... what the phrase was.

PMB: What was the expression?

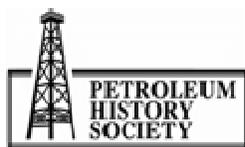
MCCLEMENTS: Pell, P-E-L-L the name of the man who sponsored the legislation in our congress that allowed students to borrow money from the government to pay their tuition. That meant the students would no longer get government funds from the government to pay their tuition. Not a problem, he ran a fundraiser with all the directors. Raised enough money to all the government to step aside and the board then would administer the loans to the students. And those students paid the money back. It wasn't... the kitty kept growing, not reducing because it was a different type of individual that went to this college. And I was up on that board for a while. A lot of it was the students were more involved in working. They would cut the grass. I remember one time we went out there, there was a new boiler that burned four different fuels, we were kind of intrigued by that.

And one of the administrators took me down to see it and there were two students working on that boiler, two engineering students. So it's a completely different philosophy. The school was and still is divided into three parts: the faculty. The faculty had one mission and that was to teach, nothing to do with... no tenure, no involvement in the government of the school that was the territory of the board of directors. And there were students and they were there to teach. And boy there was a brick wall between those three; a totally different philosophy. The government wouldn't stand for that and they brought suit against the school, they broke them down. And only two in the holy land of the States, they stood up and they won. And the basis of the claim was discrimination, racial discrimination thing spreading. Grove City College was far above the ratio of minorities to whites than anything, I don't know, in the whole country.

PMB: And what was required?

MCCLEMENTS: Pardon?

PMB: It was above, what was required?



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MCCLEMENTS: Oh, absolutely, absolutely. And to this day they have declined the government to maintain their freedom.

PMB: Wow.

MCCLEMENTS: And another thing that I never forgot about him, he wrote many religious pieces for, I'll say, the National Council of Churches, religious organizations like that. And I saw one that he had written just the year before I got to know him so well. It was written and published in 1963 and I was able to get a copy of it. And it was titled, "Calvin's Influence in the Church". It was on Calvin, one of the reformationists. And that struck a bell with me. I mentioned my mother was Scottish and she was a Calvin antic, that wasn't a denomination in Scotland. And I remember her telling us that in church when it was time to pray they would stand up to turn their back to the minister. So they had direct communication to the Lord. That was J. Howard Pew.

PMB: Wow. Well you know that Ernest Manning who was the Premier of Alberta...

MCCLEMENTS: I know.

PMB: ...was also, I mean he was more of a Baptist. He was a very religious kind of Baptist. I think that part of the connection between him and J. Howard Pew. You know, that they both had this very deep religious conviction.

MCCLEMENTS: I knew, in fact I had the opportunity to be in one meeting, only one meeting with the two of them.

PMB: With Ernest Manning and J. Howard Pew?

MCCLEMENTS: Yeah.

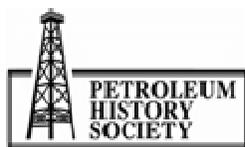
PMB: Can you tell me anything about that?

MCCLEMENTS: Sure.

PMB: If I can just find something out, you have a way of closing your eyes and the camera is going to pick that up.

PT: We can always stream it.

MCCLEMENTS: Yeah. I'll try that there. I think maybe when I swing from here over this way. J. Howard never, never allowed anything to be done through this charitable trust, I think it was through his, his brothers and his two sisters. Everything was absolutely confidential. If he was applying for a grant for any project, you had to first sign the secrecy to paper, and **if I don't like it**, I'll sign here. Which said, in essence, if anything from this point on is absolutely confidential between you and us, any violation and that and you're toast. You will never again be afforded the



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opportunity for a review of your project. There wasn't any major facility down in the City of Philadelphia since they didn't play a part in this is national, but there was never a bray of slack on anything. The only thing in the world, in any way that I know of about J. Howard, is in Fort McMurray, the Waterways. And I can guarantee it, if he knew it was there it would've been there.

PMB: And you know there is a, I think it's a children's park up in Fort McMurray now named after him.

MCCLEMENTS: That's right, yeah, yeah. And he would've never have allowed that.

PMB: No kidding. Well I went, I do... when I looked up things on Wikipedia I don't know whether you use Wikipedia, but I often add information. And I looked up J. Howard Pew once. And the only information it had about him was his religious involvement.

MCCLEMENTS: Really?

PMB: Well I went in there and I said, well he had the religious involvement but he also built the Suncor plant.

MCCLEMENTS: Well, he was an engineer. He was a brilliant engineer and a brilliant mind. He knew how much it cost per day to feed a man in one of the tankers.

PMB: So you were telling me about a meeting with you and Ernest Manning and J. Howard Pew.

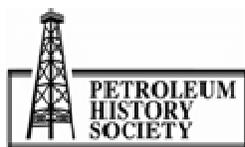
MCCLEMENTS: J. Howard Pew did very few things. He was not active in any way in any social activities. He was, other than the religious activities, he was at one time chairman and president of the American Petroleum Institute and that was about it. He played golf on Wednesday afternoons. And each summer he took a vacation at Jasper Park Lodge. So every summer, every year, I would see him twice. He would stay there for several weeks in the south, at the plant.

PMB: It was always Jasper Park Lodge?

MCCLEMENTS: Oh yes, yeah. And he had the same the cottage, along that [?] somewhere, but along that long road. He had the one that he got every year.

PMB: They called it "The Point" or something didn't they?

MCCLEMENTS: Yes. Anyway, he then often and I don't know, he had a very close relationship and I'm sure you're right on. The two of them were absolutely on the same wavelength. And for the time when I met, oh I'll come back to in it a minute, I want to be on the same wavelength. The meeting that I was invited to was in Edmonton. And it was on one of the streets, I don't know if it was the stretches because it would occasionally come up as if it was between us. Well anyway, I was invited down to Edmonton really in case if there was some issue about the client, you know, J. Howard might not be. But I'm telling you I've never been in a business meeting in my life like that.



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It was like you and I sitting here talking. And I don't think it a... it was just general. There were no hard specifics. Most of it was issues about how the status of the new road going, what's the school system. I never got asked a single question about the plant.

PMB: And you were the guy in charge of overseeing their construction.

MCCLEMENTS: It was a feeling of absolute trust between the two of us. And I remember when I went back to the plant, somebody asked me without thinking, I don't know if this is the right way to express it but I said, "Those two men just reeked with honesty." The relationship they had was unbelievable. Now rewind for a minute, Ernest Manning, exactly the same wavelength. It was the end of September in 1967 at the dedication of the plant, pouring rain, not very good day at all. But Premier Manning was the one who officially cut the ribbon and said some very nice comments. And I'll never forget how he concluded those comments. He said, "We are here today not celebrating the production of the oil from this facility but the impact it will have on the people." Now that's almost [?]. And later, actually I had a video, a cassette tape of the speech I looked at. And I wondered when he said people, did he say Alberta or Canada, knowing that sensitivity is shot. But no, he was too good a politician he just said, "Of the people." But that was what it was; it was doing something that was... doing the Lord's work.

PMB: That's fantastic.

MCCLEMENTS: Now that's a side of him that I don't know that any people appreciate and that happened in Fort McMurray. And I wasn't... are we wandering too much?

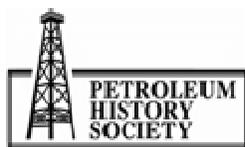
PMB: No, we're doing fine.

MCCLEMENTS: In Fort McMurray, if you were a hospital, a school where you had a group of individuals perhaps a committee formed to do an addition, a capital program of some type that was fine you could handle that directly. Well it would always come to Sun Company but then some of it was a public company and Suncor was just brilliant. And it would be bounced to me, which managed the Sun Trust and administered all the entire billion. Well if it was a... now let me disguise this because I do want to tell you how this works. I certainly don't want to identify anyone or I would be violating the ethics of the terms. There were perhaps a head that does the churches in Fort McMurray. And one day a letter showed up, and this was my first experience with this. A letter showed up to Sun, went to Glen Nede and in essence says, I want to build a church send me some money. There is absolutely no real way to give money from a public trust. So I was asked to look into it...

PMB: I'm sorry this letter came from a person?

MCCLEMENTS: From a person, disguising it but it came from one of the churches.

PMB: And it came to you?



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MCCLEMENTS: No, it came to Sun Company and Sun Company...

PMB: In Philadelphia?

MCCLEMENTS: Oh yeah, yes, yes. Everybody was aware that GCOS was not, yeah. And then it was in Philadelphia and then it was sent to Glen Nede.

PMB: Glen?

MCCLEMENTS: Glen Nede was the trust company that managed the four trusts.

PMB: Go on.

MCCLEMENTS: Now again, going back to the secrecy. That was one of the top four or five trusts, you know, with the Forest Foundation, the Rockefeller Trust. But no way was there ever any communication about the Glen Nede Trust. Again, going back to what I was saying about... his relationship was with the board, he didn't care about the neighbors. Some of the other trusts, they're all so proud about how much money they're giving. He was just the opposite. Well anyway, going back to Fort McMurray, then I would get the phone call asking me to look into it. I would visit, and this is not true, but visit the pastor and encourage him to get a few of his friends, form a committee and decide what they think they would like to do to build the conventions of the church whatever it might be. Hire an architect and use the architect to come up with a set of plans and an estimate of the cost of building the church. Of course he had no money to do it.

So the first thing you had to do was get an estimate from some of the architects on how much it would cost for his services and then if he we could say that time and maybe not always, the estimates for the architects services. Then set up a separate bank account just for that project. And I guess in many cases, you had to be careful that money for a particular project wouldn't be siphoned into another project. So they had been down that been down that road many times before so that was the grounds when we had to have a separate bank account. Now you get that estimate from the architect then I would handle it through Glen Nede and funds would show up in your bank account to pay the architect, absolutely confidential.

PMB: Wow.

MCCLEMENTS: And that happens all with no paper.

PMB: What a great story. Now, I would like you to pause there. Let's roll back about three years or four years or so, and tell me about the... either you guys both moved to Fort McMurray, where did you live?

MCCLEMENTS: No, no, no. Barbara was living...

PMB: Oh, you had to stay in San Francisco did you?



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MCCLEMENTS: Oh, gosh, where she found us an apartment in San Francisco. Now remember, in Las Vegas I had to travel 90 miles over the desert back and forth. We bought our own little wet suits [?]. So I had bought a little light air boat that every once in a while we'd fly to shorten the first 90 miles. But anyway, going over the desert, she found us a place across the bay in San Francisco in Timberland. There is also [?] in Marin County. A 20 minute ferry boat and that was the life boy, the life boat commute. In the morning a cup of a coffee and a bun, going over, coming back in the evening with a cold beer. But the group, it was the same group you know on the back of this ferry boat, very cordial. And then it was a short walk, three or four blocks to this apartment that was built on the rocky cliffs, it would spill out over the water with a balcony that went all the way around it. And I would come home from work, sit on that porch and fish for strippers off the balcony while Barbara was cooking up dinner. And I was in Philadelphia?

PMB: And how long did you stay there?

MCCLEMENTS: I was there two or three months.

PMB: And you stayed on and then you just commuted to and from there.

MCCLEMENTS: We had our youngest daughter there because I had no idea what Fort McMurray was like. So I lived at the camp at Fort McMurray. So it took a while, longer than I thought. We always... I keep backtracking here. One of the parameters of the development of the town of McMurray was it was going to be a town. It wasn't going to be a northern community where men flew in for six days or two weeks and flew out. It was going to be our home. So there was always the program to build homes. In fact, for quite a while we started up an organization to get the sewers and everything in. So after maybe, I think it was a year, where I would commute maybe once a month to San Francisco. And finally, Barbara moved to the Starline Towers on Saskatchewan Drive in Edmonton. That way I got to see them every Saturday night.

PMB: Every weekend.

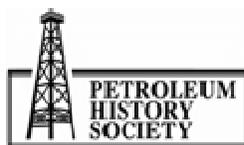
MCCLEMENTS: No, not a weekend, Saturday night. See, we worked six days.

PMB: Oh, my lord.

MCCLEMENTS: That was the construction industry in those days. And then I would fly down on PWA, Pacific Western Airlines to Edmonton. Spend Saturday night and Sunday afternoon I had to leave and fly back up again. And we had our little girl and she recognized my voice because I would call them all the time but she didn't recognize me at first. She would start to cry when she saw me.

PMB: That's funny.

MCCLEMENTS: So we did that I guess another year and that point he sewers were in for the homes. I think the first batch of homes was around 400-450 homes, something in that sort of magnitude. So I put my name on the list, just like everybody else and finally got a trailer and Barbara



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moved up. The situation then was any of our senior people who went to Edmonton had to bring pick-up truck up because that's where we were going. And the road was under construction, so Barbara's car, I don't know that we bought in Las Vegas or bought in San Francisco but it didn't have any of the plugs coming out of the front of it. She didn't have the battery charger, the block heater, there were about four things and we had that all done to her car. And I thought I picked a good day for her to come up. It was the spring break or when it was over but not the mud.

So anyway, the road was under construction. Barbara was driving her car through further north. I was driving a pick-up truck on Cummington. Made it halfway up, the road was under construction, I looked in the mirror and she was gone. Whoops! So I u-turned to go back and where she gone off the road, she had slid downhill and she must have gone 25-30 feet down the hill that had slid down sideways. So it wasn't a crisis, she hadn't overturned but here they were stuck in the car down the hill. Well as I had gone pass I had passed a construction that were working there so I quickly ran back and asked them and they were great. They had a truck crane on wheels, rubber. And they brought that crane back, hooked onto the front of Barbara's car and pulled it back onto the road. So we started then into Fort McMurray and it was down **Berriate?** Avenue, it was one of the dirt roads where the houses were.

We found out Franklin Avenue was paved you'd never would know because it's always covered in mud but it was paved. But once you got off on Franklin Avenue it was mud. So I pull in with a pick-up truck, I had gone a hundred feet and I got stuck in the mud. I got out of the truck with a power drill, walked up and opened the door in the trailer and unlock it. Open the door in the trailer to give the family a good look and it was **[crotch]** high in mud. After I let them in the trailer, I went back. I guess Barbara was carrying the baby, walked up to the trailer she's sliding through the mud. Welcome to Fort McMurray.

PMB: So it was all mud in those days. When I was up there last week I was talking to three guys who were there about the same time and they all talked about how they bought their houses for \$1.00 down and \$18,000.00.

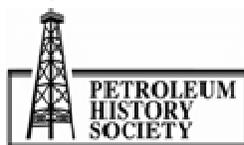
MCCLEMENTS: Well the whole story, it was more like a lease purchase, that they in fact had a right to buy them. That's the way we structured you know and it was, and coming back to what I said a minute ago, it was to be your home. Your kids and family were living here. And I think it was a ten year period and the longer you stayed there at ten years the house was yours.

PMB: Oh, really?

MCCLEMENTS: Oh yeah, sure. Well you had to have an incentive when you've got children.

PMB: I think they told me that at some point, it was in the early 70s Sun just decided it wanted to give away all the houses.

MCCLEMENTS: That might've been, yeah. Well I was told that was the early measure structured early.



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PMB: Anything you want to say about the period of construction?

MCCLEMENTS: How about McMurray?

PMB: Up to you.

MCCLEMENTS: Living in McMurray it wasn't Las Vegas [talking over]

PMB: Nor was it Marin County.

MCCLEMENTS: Yes, yeah. The first thing about it was the social [?], it was really a group of rugged individuals; the mayor of the town, Clare Peden, a ruddy face.

PMB: I think he's still around up there.

MCCLEMENTS: Is he?

PMB: We've been trying to reach him, yeah.

MCCLEMENTS: He might be but if he is, he's quite old now.

PMB: I've run across his name recently, anyway.

MCCLEMENTS: Anyway, he is a real rugged outdoors, ruddy face; he wore a fur coat like you wouldn't believe and a fur hat. And I saw him, the first time I met him I have to let you know he looked he just came back from a trip with McKenzie and Franklin to the high Nordie; wonderful character.

PMB: Outside of the oil sands industry to what extent were people still doing trapping and fur trading?

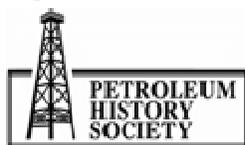
MCCLEMENTS: Oh, regularly. A dog team ran up and down Franklin Avenue until there was a young, young boy was... he was killed. And then they stopped it and the dog teams were in the city...

PMB: In the town, yeah.

MCCLEMENTS: Then you went across the bridge. There are two bridges right now actually; if you're going to cross the Athabasca to where the west, right. It opened the town of Fort McMurray to Tar Island.

PMB: Tar Island, that's where you built the Suncor plant?

MCCLEMENTS: Yes, Tar Island is a place on the map. And that's where we lived ultimately. Then the town passed some kind of an ordinance, no more dog teams in the camp. And then they all were kept on the other side of the river with a chain and line into the ground, wooden rough little shelter



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for the dogs, so yes. And the trappers, there was really at the end of that bridge a trapper by the name of Demetri Selin.

PMB: How is the last name spelled, roughly?

MCCLEMENTS: S-E-L-I-N, Demetri. He was, I don't know maybe Russian, Ukraine, I don't know; very strong accent. But he was a trapper. I remember the first time I met him he was just making his dinner. And he had a frozen hind quarter of a moose and he stuck that into the stove, thawed it out, chopped a piece off and wanted me to stay and have dinner with him. Oh yeah!

PMB: Did you stay?

MCCLEMENTS: Oh, no I said, "No."

PMB: That's good.

MCCLEMENTS: I heard he had a wife and lived in town.

PMB: Now what about relations with aboriginal people there?

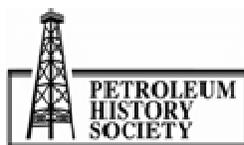
MCCLEMENTS: When we first went up I had read, when I found out I was going to McMurray I did a little research on it. And whatever literature I had said that there were about 800 people in the town of McMurray. When I got there someone told me it was a little over a thousand and climbing. But still, the majority of the people were natives; Indians or natives. The two...

PMB: Indian or Métis.

MCCLEMENTS: Yes. They dominate name is McDonald and Pêche, family names. But the final making is between the Voyageurs and the Hudson's Bay they had significant impact on the gene pool.

PMB: What about the aboriginal communities like Fort McKay?

MCCLEMENTS: Fort McKay was down river from us. And one of the conditions of the permit was that we hire aboriginal people. We called them Indians. And that was difficult. The young fellows were good, they operate in a Cat. To operate in Cat, it depends on your reflexes; your eyes, your ears even because of the vibration of the Cat. And those young fellows are great, they just couldn't get used to get used to going to work at midnight shift at 12:00 o'clock. They were communal in the sense that if they knocked down a moose in the woods, it wasn't your moose it was the community's moose. Now all a sudden they were getting a paycheque and with that paycheque, a communal paycheque. So there was a radical change in culture that we were imposing on that community. And we, with the province, we funded... the province set up a school for a number of the trades in Fort McMurray where the young fellows and young girls were introduced



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and sent there for training. But that was the major issue and then of course alcohol was a significant issue. The first fatality we had up there was a pick-up truck rolled over **on our area**. I remember a...

PMB: The driver was drunk?

MCCLEMENTS: Well one of his club was sitting in the back of the truck, they were hitching a ride back out to the camp and the truck rolled and he wasn't able to get out. Actually, it was two of them, one of them the boys there he stepped down. But the fellow was killed, you know. It was my first experience with something like that up there. So Terry Garbin...

PMB: Terry?

MCCLEMENTS: Garbin, G-A-R-B-I-N. Terry was the head of the RCMP and I talked to him and he knew the mother of the young boy that was killed and I wanted to know what we could do. And asked him to go tell his mother what happened. He did and told me later she was drunk. And that was terrible, so what can we do. He said the only thing that we can do is, he would do it, was to go to Hudson's Bay Store. The food that they eat is called Bannock and his mother... And buy the bags of flour and deliver it to the little **moon** pass where she lived. He said there is absolutely nothing else you could do. That was the tragedy of the story.

PMB: You know that Fort McKay right now is the center of... I think they're 20 aboriginal businesses headquartered there. It is a tremendous opportunity. They are the wealthiest aboriginal community in Canada. And part of the reason all these companies are headquartered there is that they don't have to pay tax.

MCCLEMENTS: Yeah.

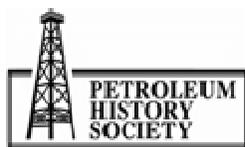
PMB: There is no tax.

MCCLEMENTS: Do they have a casino yet?

PMB: I don't think they have a casino, I hope not. Anyway, they're a very wealthy and very successful community now in Fort McKay.

MCCLEMENTS: They **P?** was going back to your original question really was trapping. And the Hudson's Bay store there, it was Alex and Al's Haxson who ran the... H-A-X-O-N, something like that and they were Scottish and they traded first with the Indians. And the Indians not only trapped but they fished in the summer time and they would camp along the banks of the Athabasca River with wood and polyethylene as shelters and used nets out into the river. But they would hang the fish up on a piece of like close-line to dry and then they would feed the village with the dry fish in the winter time. So they lived pretty much in the bush in the summer time and then in the winter they would be in the community.

PMB: Okay, forward a little bit now. It's September 30th, 1967...



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MCCLEMENTS: Oh, one more important thing. Am I doing the right thing?

PMB: You're doing fine.

MCCLEMENTS: One very important person who was totally different than any of the other whites. And it was **core** white people that been there, most were in the Sun piping business. And his name was Walter Hill. He was a pharmacist with very proper English, always wore a tie. I don't know the circumstances but after World War I he found himself in Canada. Went back to England and married his sweetheart, brought her to Fort McMurray as a bride and she was one... she wasn't the first white women in Fort McMurray but she was one of the first white women in Fort McMurray. Well I remember meeting... I never called him Walter I called him Mr. Hill. He invited me to a room that he had over the pharmacy. And he had all sorts of pictures and samples of tar sand and oil.

PMB: Oh, I saw a photograph of that. I saw a photograph of the interior of his cabin, I saw that.

MCCLEMENTS: It wasn't a cabin it was a store, a wooden store.

PMB: I've seen a photograph of that.

MCCLEMENTS: And for me that was really enlightening.

PMB: Yeah, the photo goes back quite a ways, to the 30s or something.

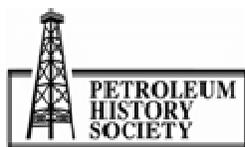
MCCLEMENTS: Oh yeah, and he knew these people. And well I think I mentioned to you about his son.

PMB: Oh, this is your friend who will be at the function tomorrow night.

MCCLEMENTS: Yeah, yeah. He sent me an email so that I could drive by and he was going to be here. But from your perspective of history, you've just got to talk to him. Particularly ask him about the adventures of how he was born in Fort McMurray. Particularly about the part that it was the hair from his mother's head that was used to tie off his umbilical cord.

PMB: Moving forward now a little bit. Now it's September 1967 and the plant is finally up and running. Can you tell us what it was like in those, and we have about I think ten minutes and then we'll break for lunch and then come back afterwards. So tell us about the beginning operations of the plant?

MCCLEMENTS: There were four really separate functions in the plant. There were the powerhouses that provided the electricity and the steam. Then there was the mining operation. Then there was the hot water extraction and then another very important part, the final extraction. And then there was the refinery. The difficulty for 100 years in producing the tar sands was that when you did recover the tar sands it would recover immunocal, bitumen or **[?]**. I was surprised to hear that the day before yesterday.



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PMB: Well we prefer to use oil sands here, well bitumen.

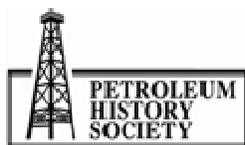
MCCLEMENTS: Yes, okay. Well anyway when you produce it with the product of course no one can produce, no one can sell it. And without a doubt everybody that tried it found that out to be, they all went broke. Even our plant when we were always debating the level of the oil base, how much does it really cost to produce bitumen? And every single study that was ever made, the value of the bitumen is less than it costs to produce it. The only thing that made our plant successful was instead of using the shovel you used a tremendous machine [?]. The big cost was transferring that two and a half tonnes of material economically to an extraction plant, which was... Karl Clark had done a good job that was no question at all. But that the ability to move those tremendous tonnages was really pioneering in that area. Syncrude went with the large draglines to move the material. But both of those new large machines were developed for the coal industry, the bucket-wheels were really developed to churn.

PMB: Usually built for the coal industry.

MCCLEMENTS: For the coal industry, yeah. Then you move to the other end, like I say, bitumen was a money loser, you could do it. Roll the stuff roughly easy, get a bucket of tar sand put in your wife's washing machine, turn on the hot water and pretty soon skim the oil off the top in its simplest form. Now, it wasn't quite that easy McMurray took the essence of it, it was easy for people to do and that was the attraction that literally drew hundreds of people to the tar sands in the 1800s because it was so simple. But you had to handle that material and then you had a product that wouldn't sell. So on that tail end it was that we had to remove the carbon, first of all.

The ratio of carbon to hydrogen I guess was one to four. It was a hundred or two hundred in the bitumen and you had to get rid of the carbon. And when you got rid of the carbon, you had a material in it that was so high in sulphur that you couldn't get rid of it. They assume when products are being done in the oil industry, atmospheric tower, fracturation in the vacuum tower, vacuum tower bottles it with [?], we call resid. And the only product, the only thing that the refiners could do... now this is exactly the same problem with in-situ, was you could sell it as fuel but mostly only the ship's bunker. So that the sulphur wouldn't go in the sea, you know.

The only logical thing was convert it into asphalt or [?]. A process of blowing air through it and for coal, they melt it and the blowing gave you a product of tar-like bitumen where you control it and use for it roofing and things like that. But it was a waste product so there was no way that the same product in Athabasca could compete with that as the refineries were growing, in leaps and bounds after the 40s. And then it was Shell, yeah I think it was Shell it would be Dome that delayed coking process which allowed them to take... Taking a heavy bitumen, holding it at a temperature of about 90 degrees and then you're thermally cracking those long chains of carbons into smaller hydrocarbons and depositing relatively solid coke. And that was a process that was becoming quite popular in the 50s. And there was another parallel process was developed by Esso in those days, it was Esso, with a fluid coker. And that was what Syncrude went they chose those. But it really depended, first of all, on those two processes so that they could convert this useless material called



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bitumen on the first step towards a marketable product. Now you have a product from the coker but it was still full of sulphur. So then you had to go to one of these newer catalytic processes where you passed these liquids over a catalyst to reduce the sulphur. But to do that you had to have a hydrogen source so you had to then have a facility to produce the hydrogen. Then you would get hydrogen sulphide from the hydro-treater. Then you'd needed a plant to convert that hydrogen sulphide to elemental hydrogen. So you had a very complex refinery downstream of the extraction plant. And it was those two simultaneous developments that allowed you to come up with a product that you could market.

PMB: Now after you had gone through this whole process of mining, extraction, refining or what we call upgrading. Was it then, when it came out of the refinery in the days you were there, was it a money making operation? Forget the capital costs, were you making money?

MCCLEMENTS: There are two issues that really were the critical issues then and today. One is what we're talking about, the price of oil. The other is **half the water zone**. I knew the problem with hot water process at the time. As far as price goes, from the end of World War II in 1973, 30 years, the price of crude was never more than \$3.00. During that period, there was still inflation. For the real price for those 30 years was going down. In 1973 the price of crude went through the roof to \$12.00 a pound. Hallelujah. I had just left Suncor at the time, those lucky buggers. I used to... what I would say to my friends and that, I pay for another ten cents a barrel. That's true! Then we had the **Latvia Deal** when Syria and Egypt invaded Hatha. And it was the Arab Embargo and they embargoed countries that supported vitriol. And that proved to be best and that's when the price quadrupled.

PMB: And that was what's called the Yom Kippur War.

MCCLEMENTS: And then we still had a rough period from 1973 to about '79-'80. It was the Polish at the Shah at that time.

PMB: The Shah of Iran.

MCCLEMENTS: Shah of Iran. And they had to reduce the amount of the free trade, half a million barrels a day. They were quite a large producer. They had a large refinery to have it in. Well then we had the Iraq-Iran War where Iraq invaded, wounded anon after the Shah. And arrival on the [?] and then that then took the price of crude to \$12.00 to \$38.00. And an interesting thing if you think about it... well, let me back-track just a little bit. The **Armed Forces** [?] the Pentagon versus [?] eventually. Our refineries, we were willing to pay instead of \$38.00 we were paying \$44.00 for buying light crude to avoid that problem, that heavy oil problem.

PMB: That's B-O-N-N-Y.

MCCLEMENTS: Yeah, it's Nigerian crude. In various parts of the world the crude is right from the source. But the world price was about \$38.00 from 1980, '81 until 2005.



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PMB: That long ago?

MCCLEMENTS: Price of crude never got over \$40.00.

PMB: And I wouldn't remind you that in 1985, of course prices collapsed down to \$10.00. Do you remember that?

MCCLEMENTS: Do I remember that.

PMB: It was pretty awful, yeah.

MCCLEMENTS: It certainly was, yeah.

PMB: Now I think what I want to do now is, if you don't mind, is pause this machine.

MCCLEMENTS: What I just said was extremely important. The life of the price of crude up to not many years ago, 2005 was less than \$40.00. And in two years it went to \$140.00 and in one year it lost \$100.00 back the other way.

PMB: Per barrel.

MCCLEMENTS: To less than \$40.00 again.

PMB: The reason I turned this off is that this is a really important part of the discussion and I want to get as much information from you as I possibly can.

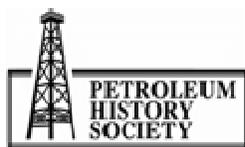
MCCLEMENTS: Yeah, but that's why I think I said. That's still the two major problems that Rick is facing, is the price of oil as he plans these billions of dollars of investments and the tailings pond.

PMB: Well he got real lucky. You know he's been really lucky with that. One of the arguments...

[BREAK]

PMB: Please start now. We were talking about oil prices before and the economics of the plant.

MCCLEMENTS: After the end of World War II, the world price of oil was less than \$3.00. It remained less than \$3.00 until 1973 when Syria and Egypt invaded Israel and world price of oil quadrupled in just a few weeks. From that point on, as far as we were concerned, at Great Canadian that was wonderful, because we had survived and made money at less than \$3.00, \$2.75. In fact, most of my life in Fort McMurray when I would say my prayers on my knees at night I would pray to the Lord for another ten cents a barrel. When it quadrupled, obviously I had already left so I didn't have the chance to enjoy that at the plant. But then there was the fall of Shah of Iran and prices then... and the start of the Iran/Iraq War where the Iraqis tried to take advantage of a perhaps wounded Iran and they invaded. And the price of oil then moved from Iran \$12.00 a barrel to



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\$38.00 a barrel. Now from that day to 2005 the price of oil has never exceeded \$40.00 a barrel. In fact, four years ago the price of crude, the Royal price of crude again, was less than \$40.00 a barrel. Now clearly there was a period after 2005 when the price grew rapidly to a \$140.00 a barrel. Then within less than a year it had plummeted more than a \$100.00 to again, less than \$40.00 a barrel. Now we're in a very volatile period with that primarily Nigeria political affairs. So when you look at the news in the morning, you're looking at WTI. If you're looking at West Texas price it could be as much as \$20.00 cheaper than the world price. That's the tremendous charge facing the oil industry today, that tremendous volatility.

PMB: And the world price now is Brent, it is the British oil; and because, to a large extent I think, because the American market is flooded with the oil.

MCCLEMENTS: You're exactly right. The basic problem that's causing that differential is that the Houston Refineries no longer had an adequate supply of crude. In fact, what's happened now, we've had more than 50% of the east coast refineries close. Of all things, high gasoline prices, and within the last few months there have been three huge refineries on the east coast either already shut down or announce that they're closing. That's how distorted this...

PMB: Are we talking about permanent closures here?

MCCLEMENTS: Oh yes, absolutely.

PMB: Okay, I hadn't heard that story.

MCCLEMENTS: Oh yeah, sure. Sunoil Company within the last month announced the closing of its two largest refineries.

PMB: Forever?

MCCLEMENTS: Forever. That is how distorted the market is.

PMB: Okay, that is really interesting.

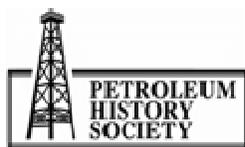
MCCLEMENTS: Well you know, when you think about the oil industry. I'm sure you remember Gulf. I'm sure...

PMB: I used to work for Gulf.

MCCLEMENTS: Okay, you remember Gulf. You remember Amoco?

PMB: I worked for them too.

MCCLEMENTS: You remember Texaco.



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PMB: Didn't work for them.

MCCLEMENTS: You could go down the list and they're all gone. And from a perspective from someone in the industry, when Mobile disappeared into the arms of Exxon that was just beyond belief, that the oil industry could shrink to that extent.

PMB: And that all happened in the very late 1998 to 2001 or 2002, didn't it?

MCCLEMENTS: That's correct, yes. Well, Gulf was first.

PMB: Yeah.

MCCLEMENTS: Yeah, yeah.

PMB: Now what I thought I heard you say a few minutes ago, please correct me if I'm wrong. From 1967 to the time the oil prices ran up...

MCCLEMENTS: To 2005, 2005.

PMB: ...after the Yom Kippur War, did I hear you say that the little plant at Suncor was actually making money?

MCCLEMENTS: We were work... it depends on how... I did not say making money; I said that we had an operating cost...

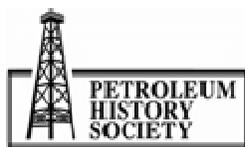
PMB: Less than the price of oil.

MCCLEMENTS: Less than the prices of crude. Now of course I am starting with a caveat, we were not paying interest. The only interest we were paying was when the \$12 Million Dollars, 6% interest on \$12.5 Million Dollars of debentures that had been issued to the residents of Alberta, but other than that, no. The financing was done dominantly through Sun Limited. The refining and marketing company in Ontario, and they did the borrowing, largely short-term borrowing. There was some cash infusions, I think, some \$60-\$70 Million in cash that the Sun Company put up. The rest was relatively short-term but guaranteed by the Sun Company. You know the hard-core reality was, it wasn't only a Fitzsimmons and Abasand. They couldn't borrow money. GC...

PMB: That was Max Ball that owned Abasand.

MCCLEMENTS: Max Ball, yeah. They, GCOS had a lease. They had a set of engineering documents from Fitzsimmons, actually from Champion at the time. They had a permit for \$31,000.00 a day from the Alberta Government. They had a market Sunoil Company guarantee to purchase all the crude that GCOS could produce on the lease that Sun gave them.

PMB: I have to ask you a question. What I understand was that Sunoil agreed to buy 10,000 barrels?



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MCCLEMENTS: They did initially. Oh, what you're talking about was the incremental. That was the twelve and a half thousand... that was a later addition. That was the 25% initial. If we...

PMB: Sorry, I thought this was something that Sun agreed in 1962, right at the beginning?

MCCLEMENTS: At the beginning they... before Sun were involved in the project, if we can call that as a starting point. Sun owned the lease. They owned three quarters of the lease. Abasand, which became Canadian Oil owned the other quarter. Well we could get complicated here very quickly. GCOS gave Canadian Pacific the right, an option on GCOS shares, different shares now, then the right to mine the lease. Canadian Pacific a subsidiary of the railroad then offered to take that 51% share in the GCOS and cut it into three parts, with Sun taking a third, Shell taking a third and the railroad taking a third. Well the railroad dropped out, Shell dropped out because they had their own plant and that left then Sun with the opportunity to buy. Well the 51% actually went to 100% of GCOS. But that's a different chain the lease. So when that was all settled, then GCOS had the right to the lease all by themselves. They had a guaranteed market for what wound up in a 100% of the production and they had a permit from the government and couldn't raise a dime. They were broke. Well they just couldn't raise it. That's when Sun Company had to make a big decision. Were they going to convert from being a buyer of the crude to an equity investor in another company? Am I making myself clear?

PMB: Yeah, yeah. What year was that now? That was in that 60s is that correct?

MCCLEMENTS: That was '64, early '64. GCOS already had the permit for 31,000 barrels a day. And part of the deal of Sun taking GCOS out. Sun took out I think it was almost 90% of shares at that time, of GCOS shares. There were a lot of shares but rather small amounts held by individuals. GCOS had parceled out shares to get equity, you know.

PMB: Right. And I believe it's the only oil sands plant that ever really was... when it was constructed it was a publicly traded company.

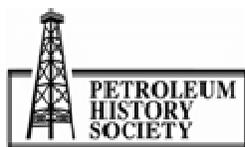
MCCLEMENTS: Oh yes, yeah. But being fair about it, there wasn't much of the company that was traded.

PMB: There wasn't much trading, there were a lot of shares outstanding.

MCCLEMENTS: Oh yes, yeah.

PMB: In addition to the ones that sold.

MCCLEMENTS: In fact, it was in August, now we're jumping ahead ten years. Maybe when Suncor was formed, '78 in that... I might be out a year or two there I'm sorry. But that was when Suncor really then amalgamated everything. Sun Limited, the ENP operation in Calgary and the tar sands. And the price of the shares was now in the mid-70s. The price of crude was at that time, north of \$12.00 and the GCOS shares were valued at I think around \$6.00. But it was a very volatile period.



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And then it went to \$12.00 and then it was the Iran-Iraq War and the price of crude went to \$38.00. And GCOS shares soared to \$6.00, \$12.00, \$24.00.

PMB: Wow.

MCCLEMENTS: \$24.00 and that was the price when the amalgamation of Suncor took place in '78, something like that. I'm not sure, I'm sorry.

PMB: So whoever owned those shares really... I think it was '79, actually.

MCCLEMENTS: '79, okay. Yeah, that's... yeah, you're probably right.

PMB: So whoever owned those shares did really well.

MCCLEMENTS: Well, but many people did not think they did very well. There were terrible fusses over that. There was a fellow by the name of Tom Clark who was the project manager for GCOS, before Sun. And he was a problem because he instead of getting paid had gotten shares. And the \$24.00, you know, and he was probably, I don't know. He was convinced that the \$38.00 of course was going to keep going up. But then exactly what happened, the \$38.00 price went to less than \$10.00.

PMB: It collapsed, he was probably happy then.

MCCLEMENTS: But that was three or four years later in 2005.

PMB: Yeah.

MCCLEMENTS: Did I make that clear?

PMB: Yes, yes. That is clear. It's a complicated story.

MCCLEMENTS: And you've got to keep clear the difference between equity and the company stock and the lease, the right to mine the lease.

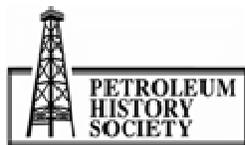
PMB: Because it was only a lease.

MCCLEMENTS: Oh yeah, it was just a lease, really from the provincial government.

PMB: Right.

MCCLEMENTS: The fellows from Toronto, you know I knew most of them and they were wonderful people, they were really were good people. But they were entrepreneurs. What we would probably call today, private equity investors.

PMB: Well Champion in particular was a bit of shark, wasn't he?



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MCCLEMENTS: Well, I never knew him but that's... I don't like the character. I just don't know.

PMB: Okay, sorry, my choice of words.

MCCLEMENTS: But the other fellows there... I'll go back and tell you in a minute. The leaders of GCOS were wonderful people. But they were clearly looking to make a profit. And they had heard of Champion and a plant was shut down and him trying to see what they could do. So I think, I'm pretty sure, that GCOS bought Champion out by issuing shares to Champion. I think it was, he got 350,000 shares of GCOS stock. So he was one of the...

PMB: Well he sold most of his shares right after the plant opened in the late 60s, I'm pretty sure.

MCCLEMENTS: Oh, I don't know.

PMB: I'm pretty sure that's...

MCCLEMENTS: Well he didn't sell them all because he was still one of the agitators up to the \$24.00. I don't know, that was all handled by Richardson Financial or Investments...

PMB: Richardson Greenfields.

MCCLEMENTS: Yeah, Richardson Investments or something was the name of it, yeah.

PMB: Okay now, I want to go back a little bit to '69 and then '78 and then '86. There are all periods when Suncor had strikes; the strikes by the employees. You were there for the first one.

MCCLEMENTS: I was there for the first one.

PMB: What do you know about the one in '78 and what about the one in '86? Which was really terrible?

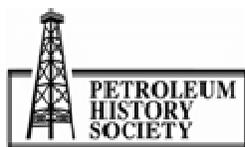
MCCLEMENTS: The one in '86 was terrible because the price had gone up so rapidly in '81. And the labour agreements had just boomed out of control. So all of a sudden from going from again orders, GCOS making \$250 Million Dollars to barely breaking even. So there had to be significant reduction in operating costs. That was the essence of that strike. And I don't remember, but it was several months.

PMB: Six months.

MCCLEMENTS: Was it that long, six months? Yeah, it was a long, reasonably bitter strike but that...

PMB: It was a strike and a lock-out.

MCCLEMENTS: Yeah, because they couldn't come together at all.



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PMB: Yeah and I guess the company, you know, there was a camp on the grounds. And the only way the workers could come in would be they were flown in and flown out. Food and supplies were flown in and then flown out, for six months.

MCCLEMENTS: Yeah, to the airstrip yeah. But that was the essence of it. The company and not too different from what we were talking about a while ago, it is easy to let things get out of control. And the folks up there had really let the benefit plans just get absolutely out of control. They were absolutely not supported by the revenue stream.

PMB: And that happened when oil was \$38.00 a barrel.

MCCLEMENTS: No, no, no. It was \$38.00 and then went to \$10.00 by '85.

PMB: But isn't that when the negotiations were, well when the benefit packages rose quite a bit during that period.

MCCLEMENTS: Oh yeah, sure. Oh yeah, absolutely. They keep recycling some of these things to make another point. In 1980 - '81, the price of crude in 1990 was \$100.00 a barrel. Everybody believed that. But instead of going to \$100.00 a barrel, it went to \$10.00 a barrel.

PMB: Okay now, I want to just bring this up. Kind of update your relationship with the company. In 1980 you became the president and chief operating officer of Sunoil Company.

MCCLEMENTS: Yeah.

PMB: And then in 1985 you became the chairman of the...

MCCLEMENTS: CBO.

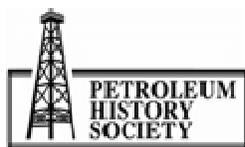
PMB: CBO of Sun Company. So the perspective you're giving us now is the perspective of the guy at the top.

MCCLEMENTS: Yes. You know and I think maybe I've commented on this before, we had long ago accept the reality that we would be an investor. And that was absolutely clear once we sold 25% of Suncor's shares to the province of Ontario.

PMB: And you did that in what year? Is it '81?

MCCLEMENTS: It was, I think in the late 70s. I'm not sure it was even '81, because by the time it was maybe a year or two after '81 when the price was heading down then that's when all hell broke loose in Ontario. It was such an outcry they had paid \$650 Million Dollars for 25% of Suncor.

PMB: Let me go back because I've just done this little project on it. The National Energy Program was announced on October 28th, 1980. And that was the one that really pushed Canadianization of



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the petroleum industry and it was just a disastrous policy. I believe, I'm not sure, I think that it was in 1981 that Sunoil Company sold 25% of Suncor to the Government of Ontario. In 1979, if my memory serves, in 1979 Sun integrated...

MCCLEMENTS: Suncor.

PMB: ...the oil sands plant.

MCCLEMENTS: Yeah.

PMB: The refining and marketing operation and the expiration of production operation.

MCCLEMENTS: That's correct, yeah.

PMB: So creating a completely integrated company in Canada.

MCCLEMENTS: Yes. Depending on what you mean by integrated, in other words, no real connection.

PMB: Right.

MCCLEMENTS: Yeah, yeah.

PMB: But you had everything, but defining expiration...

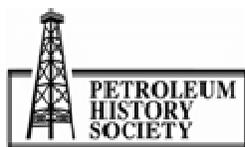
MCCLEMENTS: But what you said, it seems exactly right.

PMB: ... and marketing. You know, you had it all there.

MCCLEMENTS: And then, you know, in the US. Well in Canada, of course the price was still controlled and there was a distinction between the new oil price and the Syncrude price. But much the same thing was happening in the rest of our business. Between 1973 and 1981 we had price controls in the US. We got \$5.00 to \$10.00 less per barrel than world oil price from our oil in the US. We were pretty close to doing the same thing.

PMB: And Canada was doing just the same thing. And Canada had to cry, saying old oil it was discovered before 1973, I think it was. And then new oil is discovered after that. And then Suncor got one price for a while and Syncrude was given the, essentially, the world price for its oil.

MCCLEMENTS: I think what happened. Suncor was given the world oil price on an increment of 25,000 barrels a day. The old plant on the basis that it was bought and paid for, they were not given the new oil price and Syncrude was, so that was a terrible fight. You know, because you took the chance it went ahead. You were being penalized and the guy that got Johnny Come Lately was enjoying the spoils. That was a bad scene, yeah, yeah.



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PMB: Then with the National Energy Program, I believe that there was a period when Suncor got the world price but the National Energy Program said, “No. You can’t have that anymore. You’ve got to get another price.”

MCCLEMENTS: They did that but then that was negotiated and along this time was that 25% increment being negotiated. So it was all wrapped up in one final agreement, yeah.

PMB: Okay now, Bob, during your tenure. I think this is true but I don’t know so I’m asking you to clarify for me. During your tenure as the CEO of Sunoil Company, Sun made the strategic decision if I’m not mistake, to get out of oil, essentially to get out of oil production; exploration and production and to focus on refining and marketing.

MCCLEMENTS: No, that was after I left. I would never have agreed to that. In fact, I think they waited until I left, or not.

PMB: Can you tell us about that, I thought that phase started with the sale of Suncor?

MCCLEMENTS: Oh, no, no. Suncor was... Now as far as Suncor was concerned we all were convinced that Canadianization was a fake, completely. It was so evident in all dealings that we had, particularly the federal government. The discriminatory treatment, the statements that the Canadianization, Canadian oil for Canadians or the Canadian Price Made in Canada, were some of phrases that you might be familiar with.

PMB: I remember them well.

MCCLEMENTS: So it was from our perspective, yes, we would like to have held onto the crude supply, the Syncrude supply. But as far as changing ownership that was never a question. But it was taken off the table once the price of crude fell, because nobody in Canada wanted to buy it.

PMB: What was Ontario’s reaction when they there?

MCCLEMENTS: They were mad as hell.

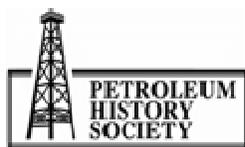
PMB: You can use that language here just as long as Barbara closes her ears.

MCCLEMENTS: Oh sure. The governor’s name was Davis, I think.

PMB: That’s right, Bill Davis.

MCCLEMENTS: Bill Davis, yeah. And whatever the opposition party, I guess was really going after him for using Ontario’s money.

PMB: Yeah, and he was...



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MCCLEMENTS: He bought it at the peak and because he wanted to be in the game, you know. Ontario was the largest consumer and here was the federal... I don't know, dealing with Alberta and he wasn't playing. So he felt like buying a piece of an oil company he could sit at the table. And we didn't know. Everything was innocent; nobody knew that the price was going to collapse.

PMB: Everybody thought it was going up.

MCCLEMENTS: It was going to go to a \$100.00 by 1990 that was the conventional wisdom. But it started down within a year or two and then he took a lot of heat for it.

PMB: And I remember it was in early 1985, it just collapsed. Within months it just...

MCCLEMENTS: I don't know, 1981 then it had started down for a couple of years and then you're right, then it tail...

PMB: Yes, straight down, yeah.

MCCLEMENTS: Yeah, I think it was OPEC just gave up and they just... OPEC was fighting among themselves trying to hold the...

PMB: I think Saudi Arabia started to increase production.

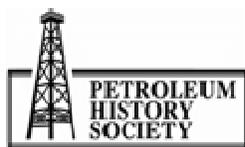
MCCLEMENTS: They gave up is what they did.

PMB: And there's a theory, there's a theory out there that the reason they did was to... because the only real source of real source of hard currency that the Soviet Union had was oil from the export of oil. And so one of the theories is that by increasing production the Saudi's dropped the price of oil, which deprived the Soviet Union of hard currency which caused it to collapse. And it successfully did that five years later. That's a theory. I don't know what your theory is.

MCCLEMENTS: The other theory in the industry was Sheikh Yamani, I don't know if you remember him.

PMB: I remember him, yeah.

MCCLEMENTS: Yeah, very erudite looking gentleman. He gave Saudi... and this came from the head of Saudi Arabia, Ali Mahimi who I got to know very well. The Saudi policy was to maintain a two to three million barrel cushion to handle swings. But the other 12 countries in the OPEC were all cheating. What was it, neat and cheat I guess is what it was. And the feeling was that he'd just had enough and he just let the price go and the volume went up. Now there are two theories, I don't know. I never heard that one about Russia.



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PMB: Now you retired, you were the chairman and CEO of Sun from 1985 to 1992, what was the size... I seem to recall when J. Howard Pew was the chairman and CEO that at that time Sun was number 12. The 12th biggest oil company in the United States, is that correct?

MCCLEMENTS: Bigger in what sense?

PMB: I presume market capitalization amount.

MCCLEMENTS: In Forbes, you know that, I think the most commonly looked at...

PMB: Right.

MCCLEMENTS: ...was we were in the top 20.

PMB: The top 20 companies overall?

MCCLEMENTS: Oh, yeah. When I left we had 69,000 employees.

PMB: Wow.

MCCLEMENTS: We were the fifth largest coal company in the United States.

PMB: Fifth largest oil company?

MCCLEMENTS: Coal company. Coal company.

PMB: Coal? C-O-A-L?

MCCLEMENTS: C-O-A-L.

PMB: No kidding.

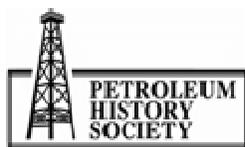
MCCLEMENTS: Yeah.

PMB: And you retired in nineteen...

MCCLEMENTS: '92.

PMB: '92 and at approximately that time you... I apologize for associating you with their decision to get out of resources. But at that time they decided to turn it essentially into a refining and marketing company.

MCCLEMENTS: That's right.



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PMB: So can you tell me a little bit about that and what you know about the impact that had on Sunor, because of course one of the things that they did was to sell Suncor, sell the Canadian assets?

MCCLEMENTS: Yeah. So many things are the result of an individual and his own personal experiences. That would never have happened as long as I was there. But clearly the US oil and gas business was really going downhill. And I was very much involved in two major divestments of oil and gas properties that we had in the lower 48. And I ought to be careful how far we go with this, but anyway what I had done, I had set the organization up. We were so big it used to be all be run at by what we used to call the “head shed”, the Philadelphia office.

PMB: Okay, I get it.

MCCLEMENTS: An oil field expression. We had a coal company drilling rapidly and headed in Tennessee, it was in Chicago and Tennessee. We had the exploration and production domestically in Dallas, Texas. We had the international E&P headquartered in London and that’s where Rick George was number two. We had the Canadian operation headquartered, at that time, in Toronto. And we would meet... each one had its own president; each one had its own budget. And I used to put the heat on when you had to... we needed a dividend because we had to pay a dividend. I was trying to make businessmen out of these goddamn engineers.

PMB: You did a good job with Rick George.

MCCLEMENTS: Rick was good. And that was sensitive. I don’t know if I want to say this on tape...

PMB: Say it, say it.

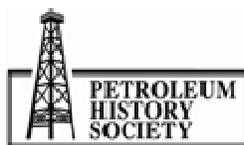
MCCLEMENTS: Would you be sure it’s...

PMB: You’ll have a chance to look at the transcript.

MCCLEMENTS: Okay.

PMB: And it’s only the transcript really that most people are likely to look at.

MCCLEMENTS: We had very, very poor and unlucky experiences with our Canadian management team. It was dominated by folks from the Sun refining and marketing operation. No one had ever been exposed to the oil and gas business and certainly not the tar sands business. So after I left and it was in the early 70s, Clarence Thayer had retired and there was a program to come up with a common voice in Canada for the three operations. The E&P was speaking to different people, not only the provincial level but indeed at the federal level. The refining and marketing, they had their own issues particularly their bottom was going to... so dominantly to Detroit, Edison; and then the Suncor with its issues with the Royal price and everything else. So we wanted to have a single organization that could speak for all of those operations inside. So an organization was set up called Sunoil of Canada... SOCCL, Sunoil Canada Corporation Limited. SOCCL, it was made up of 30



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people, all from the refining/marketing so you can see what's coming. One of the... and everybody was a vice-president. They rented new offices on Bloor Street in Toronto... you know what's coming. They were useless. I won't tell you who it was, the chairman of that organization I knew very well, because after, before I left he had become chairman and president of Sunoil Limited. And Suncor then reported to Sunoil Limited, not to Philadelphia, and he was my boss. And he would come out to visit and sometimes, you know, we were really in big trouble.

PMB: What year are we talking about here?

MCCLEMENTS: '68-'69.

PMB: In this 60s?

MCCLEMENTS: Oh yeah, yeah. Class there retired in '67, after they opened. So he would come out and one of the things we did to try to make Fort McMurray as like Edmonton as we could, there had been an Esso station out there and Sunoil Company bought out the Esso station and put a Sunoco station in to get the price of gasoline in Fort McMurray the same as the price in Edmonton. The philosophy, it was down in northern community, it was an extension of a suburb of Edmonton. Well he would come out, fly out in the morning of say a Wednesday. He would spend that whole afternoon at the service station. Go out to dinner with the service station manager because he was comfortable with him. Now we could be up to our backside in alligators and he would come out and see me in morning, take a casual walk around the plant and couldn't wait to get a ride to the airport to go back to Toronto. And you know, it wasn't just me, everybody knew that. So there was this terrible friction that was going on. And the fellow that was his vice-president in charge of operations had never operated anything he was an HR guy who was sent here. And I liked Ross, he was a good guy as an individual but as far as someone, the guys out here would respect as a boss he just wasn't.

PMB: He was the guy who was the chair, the president or something of Suncor when it integrated the three units in 1979. He was the president, yeah.

MCCLEMENTS: Yeah. Now what I was talking about was the SOCCL organization, that organization with no assets.

PMB: Right. So how long did that SOCCL organization exist?

MCCLEMENTS: Well it was such a disaster that that really was the start of Suncor.

PMB: Say a little more about it.

MCCLEMENTS: The SOCCL organization was a total failure and we wanted to put everything together, so that started then with the share approach to it and combining everything and making it a Canadian company.

PMB: Ah, okay, I'm with you there.



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MCCLEMENTS: Yeah, yeah and then at that point, Ross Hennigar became the head of Suncor. He was one of the five fellows that used to come down every quarter, and that's where I would bring them altogether. And you know, it was great, we had dinner the night before, have a few beers, just to... and everybody knew what was happening and said that they all felt they had an ownership in Sun stock.

PMB: Right.

MCCLEMENTS: One winter meeting, I guess it was the first quarter or maybe the last quarter, I don't remember. We were going long in the afternoon and Ross was going back to Toronto and I said to him, "Why don't you take my airplane." I had a Saberliner that I could use running around the company, real fine. So he and two or three other fellows from the US were going up there and they were killed landing in an ice storm.

PMB: I remember that, yeah.

MCCLEMENTS: Yeah.

PMB: And it was the most interesting thing that the company, Suncor, essentially of the top brass were killed.

MCCLEMENTS: No, no. Ross was the only one.

PMB: Oh, well there was one accident where there were quite a number of them...

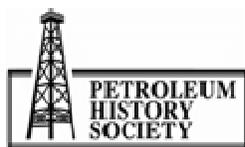
MCCLEMENTS: There were a whole series of accidents where we lost one at a time. One fellow was killed in a snow storm in an accident, another one died. The Suncor chain of command was... it was scary. But there was no accident where senior executives were killed with Ross. Ross was the only senior... there were about three or four people killed and two pilots, but ah...

PMB: Okay, I mis-remember that, okay.

MCCLEMENTS: But Ross was good and then the... So now Suncor was without a leader and at that point, Sun had merged with Sun Radiex so the E&P operation here in Calgary was headed by a fellow by the name of Bill Loar. And Bill Loar filled in on a temporary basis until the Suncor management could find a replacement for Ross. Before we get too far on that, let me fill in something. At Ross' funeral, our whole senior team took the planes and we flew up for his funeral services. That was tough, because he was one of us. And after the service, somebody came up to me and what was the name of the Minister of Energy at the federal level?

PMB: That would have been Marc Lalonde.

MCCLEMENTS: Marc Lalonde, somebody came... You know, I'm getting into Canadian politics here. Okay, can you scrub this if I say it?



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PMB: Yes.

MCCLEMENTS: Okay. He came up to me or he sent somebody over and said that he wanted to say a word with me. I thought he wanted to express his condolences about Ross, and he did. And then he started to make a suggestion of who might be a replacement.

PMB: My God.

MCCLEMENTS: Oh yeah, I could feel the hair go up on the back of head. And said something to the effect, you know we have a board of directors and they'll make that decision and they fill that in an appropriate way, and walked away from me. That's how that... well you know the nastiness between the east and the west.

PMB: That was about 1982 or three?

MCCLEMENTS: Eight... again, I would guess '83, but I'm not sure, yeah.

PMB: Wow.

MCCLEMENTS: That's... well you know better than I do.

PMB: Well that's surprising, that's just shocking.

MCCLEMENTS: Well, but you're going to tell them... would you have them delete that?

PMB: Oh, well we can delete it. We can... oh sorry did you want me to turn that off?

MCCLEMENTS: No, to delete that when you..

PMB: Okay, I can do that.

MCCLEMENTS: You know, I don't like to be... I don't want to meddle in Canadian politics by saying something like that.

PMB: Okay, I will take that off.

PMB: So after Ross Hennigar's death, Tom Thomson.

MCCLEMENTS: Correct. Tom Thomson had worked Imperial Oil. He left for some reason that was never discussed. He was a refinery type or an upstream... ah, downstream type individual who was a graduate of London School of Economics. He was a nice fellow, I felt well of him but he did not have a personality that was forceful enough to manage the three tigers that we had up here.

PMB: The three tigers being?



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MCCLEMENTS: E&P. And I think the world of those E&P.

PMB: E&P is exploration and production.

MCCLEMENTS: Exploration and Production, they were our lifesavers in so many ways, you know. Everything asked, those fellows would help us. But it was an entirely different relationship with that other side of Canada so we needed a strong guy. And unfortunately, Tom was viewed as one of those other guys.

PMB: Yeah, let me ask you, once again we're here in a period in nineteen-eighty... from 1980 onward, you were the president and chair of Sun Company and then later you were the chairman and the CEO. At that time, what became of the Suncor plant was producing about 50,000 or 60,000 barrels a day.

MCCLEMENTS: Yeah, yeah.

PMB: What was the significance of that within your company's whole stream of oil?

MCCLEMENTS: Oh, nothing. We got very little of Syncrude. I think it was all handled by a...

PMB: Syncrude or Suncor you mean?

MCCLEMENTS: I'm calling it...

PMB: Oh, synthetic crude.

MCCLEMENTS: Synthetic crude.

PMB: Synthetic crude. Okay, sorry.

MCCLEMENTS: Yeah, so it was not significant. It was good, the revenue when the price was right you know, but overall it wasn't a good deal.

PMB: Okay, and so I guess that raises the next question. What was, from your perspective, having pretty much done everything from managing the GCOS to be the top dog at the head shed.

MCCLEMENTS: 30 years or something like that with them.

PMB: What was the significance of the Suncor plant?

MCCLEMENTS: For me, a big chunk of me was in it, so I was always... in fact, I often attended board meetings there.

PMB: You attended board meetings in?



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MCCLEMENTS: For Suncor.

PMB: For Suncor.

MCCLEMENTS: You know, again, so it was nasty stuff. The two directors that we had from Ontario were fighting among themselves. One was a... I don't want to say, but I think his affiliation became with an S and the other one became with a C. It was not a good scene.

PMB: So one was a socialist and one was a conservative, one was NDP and one was Conservative.

MCCLEMENTS: Yeah, absolutely yeah.

PMB: Then, again, you'd retired in 1992 and of course, by that time Rick George had become the president of Suncor and that was also the time when he bought, Ontario sold its 25% interest in Suncor. And Sunoil sold its essentially 75% interest and he basically took it public. Can you give me any comments that you have on that experience?

MCCLEMENTS: You jumped over a real important point there.

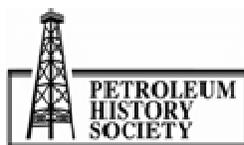
PMB: Oh, okay. You take me back please.

MCCLEMENTS: From day one our operations in Canada was to be Canadian. We had the issue then of replacing Tom Thomson. There was not a single individual that we could identify in any one of those three areas.

PMB: No one in Canada.

MCCLEMENTS: In Canada. There had not been enough emphasis in any of those three areas. Well, the tar sand was pretty much isolated and we had a lot of turnover there for a number of reasons, among the plant managers up there. The E&P, they were at that point, were more involved in this elephant hunting than the hieratic and then we had the refining, and it was really a rather modest refinery. So they didn't have a big pool of people to start with to develop management in any broadening sense.

So in the way it was set up in the US, I always had a senior guy who was the manager, the president of the subsidiary. And then surround him with as many of these young guys as we could. And Rick George was a young guy under David Walker in our exploration and production in London. And he was clearly the outstanding candidate that we had in the State and head and shoulders above anybody that we saw in Canada. But he had that one big problem that I worried about, he was an American. But he had done very well in Scotland, working with the Brits. He was very much involved in the huge platform in the North Sea. One of the first dynamically positioned platforms and did an outstanding job, Balmoral. He worked well with the Norwegians. He was a low key individual. He wasn't running around pounding on the tables, very low key but very, very solid. He had a law degree that he'd gotten, I think, in Texas when he worked there. And he and I had visited



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an off-shore rig, and if you've never done that in the North Sea that's an adventure. And we shot pheasants together a couple times and he was a great shot, so he was an outdoorsman. He was clearly the best guy in Sunoil Company to come up here. So I crossed my fingers and we went over there and asked him if he'd come. And one of the secrets, of course, is his wife Julie she was great and quite willing to move. And that's the story of Rick and he's done, I think, an outstanding job.

PMB: And so then he came here.

MCCLEMENTS: Yeah. And no question in my mind, he was going to be the chairman of Suncor.

PMB: And so now I want to take you back a little bit to that question. So it obviously was a great decision, I don't know whether you've looked at the market capitalization of Sunoil versus Suncor.

MCCLEMENTS: Yeah.

PMB: Suncor is now 12 times bigger than Sunoil and you know, your company sold this asset right after you left.

MCCLEMENTS: Yeah, but that was going to be sold. That was a done deal from almost from day one.

PMB: From day one, meaning when you were?

MCCLEMENTS: Once we became aware of the Canadianization of the plant as goal of the Canada Government.

PMB: And yet, that policy kind of disappeared in the mid-80s.

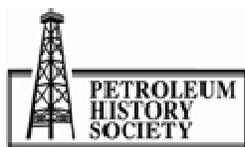
MCCLEMENTS: Well I don't think we ever thought it disappeared. True, when the price of oil went down the opportunity to invest in it went down but not the underlying notion that it was going to happen.

PMB: Well I actually worked in this building for the Canadian Petroleum Association in those days. And we very clearly, after that first horrible years of the NDP, the NDP was gone by 1985.

MCCLEMENTS: Yeah.

PMB: It disappeared. And what had happened was that all the people, the Canadian companies that had bought American assets, oil and gas assets in Canada lost their shirts. There was no appetite anymore for that Canadianization policy.

MCCLEMENTS: We weren't wanted. I use to think it's no difference than what happened to us in Iran or Venezuela.



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PMB: Well I'd like to think that we were a little bit better than that.

MCCLEMENTS: You weren't, that NDP.

PMB: What was that?

MCCLEMENTS: The NDP, we were the enemy to the NDP.

PMB: And you still are to the NDP.

MCCLEMENTS: Oh, yeah I guess that's right, yeah. The plant...

PMB: I think we're just about done.

MCCLEMENTS: You didn't talk about the plant. When we started the three parts of the plant, we had very little trouble with the center part, the hot water process. The process was very well known, it wasn't much money relative to the other two ends. It had very few employees relative to the other two ends. The only major problem that we had with it, with the primary extraction plant, was the slope on the basement floor. What happened when we had a power failure, which we had many of because of the power plant. The lines were all full of sand and water so when the power would go off we had automatic valves, air operated valves, that would open up, they'd go **smish**, they'd open and all that sand would come out on the basement floor.

And Glen Andrews, the manager of the plant, that was his complaint from day one. If he ever ran a plant again, the first thing he wanted to know was the slope on that floor because, well you know what the expressions are, again, it was pretty a manual operation in getting that sand into the drainage system to get rid of it. The real problem initially was the power plant. The power plant, we had three boilers that drove two turbine generators quickly through the plant. It started up... you had to run the water treatment plate so you could boil out the boilers so they could generate steam to start the turbine generators. So we had two 33 Meg generators, large turbine generators. Those turbines exhausted steam which went to the extraction plant, for the hot water plant; drove two generators which provided the power, not only for the plant, but for the mining operation because the bucket-wheels and conveyers were all electric.

PMB: They were all electric, oh wow.

MCCLEMENTS: So you started the water treating, started the boilers, started the turbine generators and then started the mine. The mine then started and the extraction plant already had steam, then we would bring the tar sands into the extraction plant, start the final extraction plant and now we had diluted bitumen. When we had an inventory of diluted bitumen then we could start the cokers, we could then start the hydrogen plant and the hydrogen desulphurization and the sulphur plant. And in the meantime, the cokers are making coke and we use that coke then to drive the boilers, to feed the boilers. We were actually...



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PMB: So you burned the coke to drive the boilers?

MCCLEMENTS: Yes, to drive the generators which provided the electricity. We had no lines, nothing coming into the plant. We had one pipeline that went out. So we're absolutely, absolutely dependent on everything running. And now, at the very front end of it we had boilers that wouldn't boil. If you think of the boilers as ice cream carton, or a milk carton upside down, it comes down the sides of the boiler all covered with tubes and then you put a notch in and a notch out and then back down again. Well, you notch in and where you notch out is where you fire down the pulverized coke. So you had a turbulent area down there where the hot gasses were. So the hot gasses came up to that more restricted area up to where the boiler bank was. And normally you would have a steam drum that parallels that and a mud drum that also parallels that.

So you had the boiler water going down the back and then up to the steam and then the steam to the turbines. Well that steam drum at the top was turned 90 degrees, an absolute error in the design. So, instead of the water going down and up like that around the steam drum, it was going up and around the ends; and in that transition, when you've got enough load some of the tubes couldn't make up their minds what they wanted to do, uprisers or downtubes and would rupture. And when they would rupture then that boiler came crashing down. And you might have heard the story in January of '78 we had one boiler down, our second boiler went down, the third boiler tried to pick up the load and it went down. We were absolutely without anything.

PMB: You just said '78, you mean '68?

MCCLEMENTS: '68, I'm sorry, yes, '68 yeah. We were absolutely down. So there was a major then, rebuild of those boilers. And if we could recycle again, going back to that feasibility study, the first feasibility study allowed six months for a start-up period by the time we were ready to start the plate that study had been revised, the one I was telling you I had a copy of. The start-up on that was down to three months because the cost of the return on it was so lousy.

PMB: And in reality, how long was the start-up?

MCCLEMENTS: Well for almost three years before it was revivable.

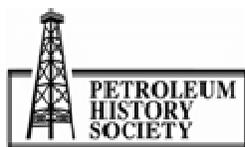
PMB: One of the guys up in Edmonton were telling me last week, they talked about this idea that you only had a pipe going up and nothing coming in.

MCCLEMENTS: A 16 inch, yeah.

PMB: And that was just unreliable, you had to have pipes of bronze and things coming in.

MCCLEMENTS: No, no. The pipeline was fine, you know, we did have one break in the pipeline.

PMB: No, but also they're talking about you had to bring in gas, for example.



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MCCLEMENTS: No, no. The original concept was you could run the whole plant by itself without anything coming in. That was the design. And what they were talking about was operating a hydrogen plant which is 1500 degrees, something like that, where you took refinery gasses over a catalyst, another catalytic process and converted it to CO₂ and hydrogen. So it was a very hazardous, you know hydrogen is explosive in air almost from zero to 100 percent. Hydrogen, the Hindenburg, you know.

PMB: I remember, yeah.

MCCLEMENTS: So every time we would lose power then we were really scared to death about hydrogen being the problem. So then at that point, to satisfy that then, I guess we formed a new company called Albergas, or Alberson. It was a new gas pipeline company that had one pipeline. But some were in the gas business and they were able to gather the gas. And then that came, then we had the gas and that was a lifeline to us particularly for the hydrogen plant and that's what those fellows were talking about.

PMB: Okay, that was what they talked about.

MCCLEMENTS: But we still had no power.

PMB: Having only a pipe going out, it was brilliant, but it didn't work and they had to bring a gas pipeline in until...

MCCLEMENTS: Well it would've worked had we not had the other problems in the plant, you know, the power plant.

PMB: All the start-up things.

MCCLEMENTS: Yeah, yeah.

PMB: Now, we might as well... Please put in anything that you think is really important we need to talk about. About this time, so talking about '71/'72, J. Howard Pew died. I think he was at the helm until weeks or something before he died; any comments on that? He must've been around 90.

MCCLEMENTS: Well he was around 86 or 87.

PMB: Was he 86 in '70?

MCCLEMENTS: Yeah. And I attended his funeral and it was presided over by Billy Graham.

PMB: By Billy Graham?

MCCLEMENTS: Bill Graham, yeah. Anyway, they were soul mates and he gave an outstanding eulogy commemorating J. Howard. But now, ten years later he was being remembered by Grove



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City College, they were having a commemorative service for him out there. And ten years after his death, my predecessor, no a couple predecessors; a fellow by the name of Bob Dunlop who had been the president of the company under J. Howard he was another interesting guy. He was from New Jersey and a member of his church offered to pay his way through to the University of Pennsylvania and the Warton School if he did not smoke or drink.

PMB: Boy, I'd sure lose my thirst in a hurry.

MCCLEMENTS: Anyway, he was then... he spent his whole life with J. Howard. So Grove City called him and asked if he would come out and say a few words at the ceremony for J. Howard. And he was failing and he couldn't do it, so he came into my office one day and asked if I would go out and say a few words for J. Howard. And I said, "Oh, no I can't do that, there are so many more people in Sun Company that knew him better than I did." And he sat back in his chair and he says, "Tell me who that is?" And ten years after he died, the people that he built the company with were all gone, amazing.

PMB: Wow.

MCCLEMENTS: So I went out and... Yeah.

PMB: Anything else? This has been a fabulous interview. I don't know, it's going to be quite interesting to see what the transcript looks like because we've done everything. But is there anything really important that we've missed that you can think of.

MCCLEMENTS: The wives had a great time. The camaraderie among the wives was unbelievable. You never knew where you were going to go for dinner.

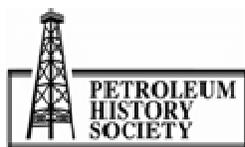
PMB: Why don't we pause now and I would like Barbara, if you don't mind Barbara, please take the hot seat. We won't even change the things. Just switch, please. No, no you have to sit over there so we can video you. Continuing this recording, we have Barbara McClements, Bob McClements wife. We're lucky enough that she's here today. Barbara, I would like to ask you to tell me what it was like to be a... what the community for wives in Suncor in the early days was like. Today, we wouldn't want to say wives because there might be women working there too. But in those days I'm sure it was almost all men. So for you as a wife, living in the Fort McMurray community, what was that like?

BARBARA: It was wonderful. It was a wonderful experience.

MCCLEMENTS: Rosie, start with the diapers.

BARBARA: Pardon?

MCCLEMENTS: Start with the diapers.



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BARBARA: Well, when I first went up there they didn't have disposable diapers and so I would put the diapers in the pail and put it out by the trailer. Bob would take it and put it in my car and then when I got to the laundry mat I had to ball the diapers before I put them in the washing machine.

PMB: You had to do what with the diapers?

BARBARA: Ball them and then put them in. But it was a wonderful experience and I met a wonderful people.

PMB: Now, are you in touch with anybody from those days?

BARBARA: I beg your pardon?

PMB: Are you in touch with anyone? Do you still talk to anybody that you knew in those days?

BARBARA: Well at Christmas time we have cards and...

MCCLEMENTS: Harry and Eleanor.

BARBARA: Pardon?

MCCLEMENTS: Harry and Eleanor.

BARBARA: Yes, Harry and Eleanor, we keep in touch with them.

MCCLEMENTS: They live in Calgary.

PMB: Now, what Bob told me or said a little bit earlier on is that the secret to living in Fort McMurray in the those days was to have a large freezer full of food.

BARBARA: Oh yes. We always had a lot of company, I never knew how many. So I'd make dinners ahead and freeze them. And then if he'd bring company in, I'd take them out of the freezer.

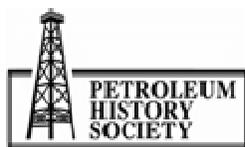
PMB: Where there a lot of social functions with the company in those days?

BARBARA: Pardon?

PMB: Were there a lot of social functions with the company in those days, parties, that kind of thing, barbeques in the summer?

BARBARA: Well, yes we had parties and get-togethers, picnics and sometimes dances. It was fun, it was a great life.

PMB: What about the kids? Did you have just the one child?



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BARBARA: We had children.

PMB: How many?

BARBARA: We had one and then two.

PMB: A boy and a girl?

BARBARA: Two girls, yeah.

PMB: What are their names and what are they doing today?

BARBARA: Kammie...

PMB: How do you spell that?

BARBARA: K-A-M-M-I-E, it's really a shortening of her real name: Kathleen Anne McClements and then Mary-Anne McClements.

PMB: What are they doing today?

BARBARA: Well Kathleen's...

MCCLEMENTS: She's an office manager for...

BARBARA: Office manager.

MCCLEMENTS: ...a high tech company.

BARBARA: And Mary teaches... she had an art school... They both keep very busy.

PMB: Now, I think I heard you say that one of... the first daughter was born in Marin County in the San Francisco Bay Area, is that correct?

BARBARA: Yes, right.

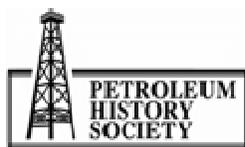
PMB: And the other one was born where?

BARBARA: Calgary.

PMB: In Calgary? When were you living in Calgary?

MCCLEMENTS: It wasn't living here, she came down here.

PMB: Oh, I see. But you were living...



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MCCLEMENTS: Living in Fort McMurray.

PMB: ...in Fort McMurray at that time.

BARBARA: Yeah.

MCCLEMENTS: And Fort McMurray wasn't the... if you had an option...

PMB: You don't want to have a baby there, huh?

MCCLEMENTS: Remember that hair tying off the umbilical cord?

PMB: So, okay. Who is going to tell that story? Who is going to talk about that story about the tying off of the umbilical cord with the string of hair?

MCCLEMENTS: I don't know anybody who is going to tell it.

PMB: Right now.

MCCLEMENTS: Oh, I don't think.

PMB: No, okay. We're not going to tell that story. What else would you like to say, you've had a long marriage to a very successful man.

MCCLEMENTS: 60 years.

PMB: 60 years, really?

BARBARA: Yes. Well done.

PMB: Is that this year?

MCCLEMENTS: This year it will be 60.

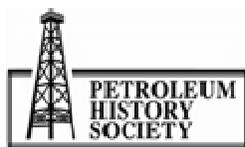
PMB: Well congratulations to you.

BARBARA: It's been very interesting, learned to do many things. Curling up in Canada and we both got our pilots licence in Texas.

PMB: When is the last time you flew a plane?

BARBARA: Well that's been quite a while.

MCCLEMENTS: I think the last time I was 50 or 55 the last time I...



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BARBARA: Belong to a group called the 99 Women's Pilots and we used to meet in different airports for lunch. And it's just been a very exciting life, meeting very many, very interesting people that had all types of experience and so you learn from that.

PMB: Very good.

MCCLEMENTS: The dog team at the back door.

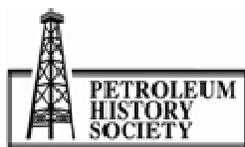
BARBARA: Pardon?

MCCLEMENTS: The dog team at the back door.

PMB: Did you have a dog team at the back door, somebody came up to a...

BARBARA: Well actually one time I went downstairs and I looked out and here was this ferocious looking dog looking at me and I thought he's going to break through the window. So I quickly called out and here it was the lead dog of a sled team and he saw my children playing and he wanted to get in and play, but I didn't know that. And I thought he was going to get out of here and really tear around, so it's been interesting. A lot of the company that we had, the men that came out to visit the plant, they've all been interesting and we'd have them for dinner. And learning to do different things, it was just a great life.

[END OF INTERVIEW]



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